



The Real Estate TRENDS

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REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

THE real estate situation seems to be about the same as it was last month. The barometers show little change from last month, but are up from the same month last year. April, May, and June last year were the low months in real estate activity. Therefore, the indicators this year are working against the exceptional lows of last year.

Real estate activity, based on the number of voluntary transfers per 10,000 families, has risen above the normal by our revised index. The index was revised in order to make a better seasonal adjustment, and the revisions have been carried back to 1951 on the real estate activity chart on page 289. The surveys made in order to compute real estate activity now include 105 cities. It will be noticed in the Real Estate Trends for May that real estate activity was below the normal for the last seven months, while the revised chart shows real estate activity to be above the normal for all but one of the last seven months.

The preliminary figure for the number of nonfarm real estate transfers for May is up from April and about 24 percent greater than for May of last year. The figures of the number of transfers from the table on the next page are not adjusted for seasonal variations or for increases in the number of families.

Our selling price index shows the variation in the sales price of a single-family residence which has been well maintained with no major additions, and which has been sold at least once before. It represents the changing value of a residence in a stable community, where there have been no major changes in land use, such as the infiltration of different economic or racial groups, or the change from residential to commercial use. This index shows little change from last month, but it shows an increase of 2.9 percent over the same month last year. The reason that there is so little increase in the sales price over last year in comparison with our other indicators, is that the sales price held up exceptionally well during the lows of real estate activity last year.

Other signs of the upward movement of real estate activity in the last year are as follows:

The number of new nonfarm dwelling units per 1,000 families has increased
(cont. on page 292)

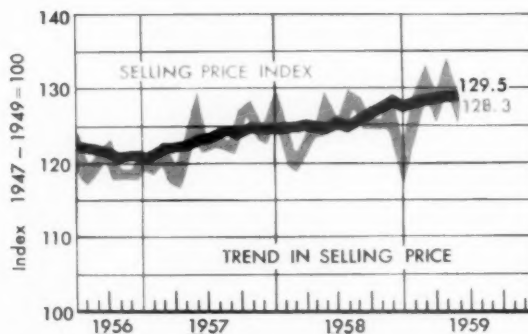
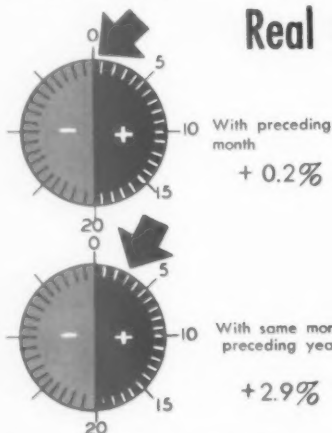
NUMBER OF NONFARM REAL ESTATE TRANSFERS

	1955	1956	1957	1958	1959
January	361,500	357,100	354,300	319,100	349,000*
February	340,200	351,750	318,000	290,300	351,900*
March	423,800	392,100	346,600	312,500	388,000*
April	408,500	395,600	380,900	334,800	428,400*
May	435,500	437,700	401,200	358,500	444,400*
June	472,400	432,100	370,200	365,900	
July	438,900	432,700	414,600	416,100	
August	486,500	460,700	412,600	399,000	
September	457,200	384,800	370,000	406,100	
October	428,600	435,600	403,600	460,300*	
November	407,500	380,800	328,800	360,700*	
December	386,500	329,800	318,600	393,000*	
Total	5,047,100	4,790,750	4,419,400	4,416,300*	

First 5-month comparison 1,969,500 1,934,250 1,801,000 1,615,200 1,961,700*

*Preliminary.

Real Estate Selling Price Comparisons



DATE	TREND IN SELLING PRICE	PROBABLE SELLING PRICE OF A HOUSE THAT SOLD FOR \$12,000 IN 1947-49 PERIOD	DATE	TREND IN SELLING PRICE	PROBABLE SELLING PRICE OF A HOUSE THAT SOLD FOR \$12,000 IN 1947-49 PERIOD
1947-49	100.0	\$12,000	Jan. '58	125.5	\$15,060
1913	40.1	4,812	Mar. '58	126.1	15,130
1918	34.1	4,092	June '58	126.6	15,190
Mar. '29	73.9	8,868	Sept. '58	127.3	15,275
May '32	34.8	4,176	Oct. '58	127.7	15,325
Apr. '34	44.8	5,376	Nov. '58	129.3	15,515
July '37	40.1	4,812	Dec. '58	128.3	15,395
Apr. '38	42.8	5,136	Jan. '59	128.6	15,430
Mar. '41	40.1	4,812	Feb. '59	128.9	15,470
Oct. '48	104.5	12,540	Mar. '59	129.1	15,490
Oct. '53	119.7	14,360	Apr. '59	129.3	15,515
Oct. '54	122.3	14,680	May '59	129.5*	15,540*
Oct. '55	125.1	15,010			
Oct. '56	121.9	14,630			
Oct. '57	125.3	15,040			

*Preliminary.

NATIONAL REAL ESTATE ACTIVITY

Top Panel:

- Residential Rents 1921-1938 = 100:** Line graph showing a steady increase from ~55 in 1939 to ~85 in 1960.
- Real Estate Mortgages:** Line graph showing fluctuations between 40 and 80, with a peak near 125.7 in 1960.
- Building Cost Six Room Frame House Built in St. Louis:** Line graph showing a sharp increase from ~\$500 in 1939 to ~\$647.79 in 1960.
- REAL ESTATE ACTIVITY:** Bar chart showing significant peaks during the early 1940s and mid-1950s.
- WORLD WAR II U.S.A.:** Shaded area indicating the war period from 1939 to 1945.

Middle Panel:

- No. New Dwelling Units Built Per Year Per 1,000 Families (Nonfarm):** Line graph showing a peak around 1945 and a decline thereafter.
- Foreclosures Per 100,000 Families:** Line graph showing a sharp spike around 1952.
- Real Estate Activity Number Voluntary Transfers:** Line graph showing fluctuations between -10 and 10.
- Industrial Stock Prices Dow Jones:** Line graph showing a general upward trend from ~300 in 1939 to ~500 in 1960.

Bottom Panel:

- BUSINESS ACTIVITY:** Bar chart showing peaks around 1945 and 1955.
- Business Activity Cleveland Trust Company:** Line graph showing fluctuations between -30 and 10.
- Wholesale Price Index 1925 = 100:** Line graph showing a steady increase from ~100 in 1939 to ~175 in 1960.
- KOREAN WAR:** Vertical line at 1950.
- KOREAN TRUCE:** Vertical line at 1953.

Y-Axes:

- Left Y-Axis:** Real Estate Activity (0 to 100).
- Right Y-Axes:** Rents (0 to 20), Stock Prices (0 to 120), Dwelling Units (0 to 40), Foreclosures (0 to 10), Building Cost (0 to 300), Wholesale Prices (0 to 250).

X-Axis: Years from 1939 to 1960.

BREAKDOWN OF COSTS OF STANDARD SIX-ROOM FRAME HOUSE IN 140 MAJOR CITIES

City	Material	Labor	Overhead	Sq. Ft.		City	Material	Labor	Overhead	Sq. Ft.	
				Total	Cost					Total	Cost
Akron, Ohio	\$9,225	\$6,817	\$4,179	\$20,221	\$12.26	Duluth, Minn.	\$8,921	\$5,948	\$3,873	\$18,742	\$11.36
Albany, N. Y.	8,789	6,366	3,948	19,103	11.58	Durham, N. C.	7,996	3,422	2,974	14,392	8.72
Albuquerque, N. Mex.	8,616	6,056	3,822	18,494	11.21	Elyria, Ohio	9,168	7,110	4,240	20,518	12.44
Allentown (Easton), Pa.	9,091	6,474	4,055	19,620	11.89	Evansville, Ind.	8,615	5,954	3,795	18,364	11.13
Asheville, N. C.	7,385	3,800	2,914	14,099	8.54	Fall River, Mass.	9,187	5,975	3,949	19,111	11.58
Ashland, Ky.	8,605	6,056	3,819	18,480	11.20	Flint, Mich.	8,859	6,843	4,090	19,792	12.00
Atchison, Kans.	8,379	5,498	3,615	17,492	10.60	Fort Wayne, Ind.	9,777	6,234	4,171	20,182	12.23
Atlanta, Ga.	8,479	4,471	3,374	16,324	9.89	Grand Rapids, Mich.	8,682	6,407	3,931	19,020	11.53
Austin, Tex.	8,913	4,831	3,580	17,324	10.50	Greenville, S. C.	8,103	3,759	3,090	14,952	9.06
Baltimore, Md.	7,878	5,512	3,488	16,878	10.23	Hamilton, Ohio	9,045	6,248	3,984	19,277	11.88
Baton Rouge, La.	8,868	5,165	3,656	17,689	10.72	Hartford, Conn.	9,292	6,238	4,046	19,576	11.86
Bay City, Mich.	7,574	6,730	3,726	18,030	10.93	Hoboken, N. J.	8,884	8,016	4,403	21,303	12.91
Bethlehem, Pa.	9,316	6,442	3,312	19,070	11.56	Houston, Tex.	7,786	5,867	3,556	17,209	10.43
Birmingham, N. Y.	8,785	6,366	3,947	19,098	11.57	Huntington, W. Va.	9,135	6,059	3,958	19,152	11.61
Birmingham, Ala.	8,078	5,459	3,526	17,063	10.34	Indianapolis, Ind.	8,489	5,192	3,564	17,245	10.45
Boston, Mass.	8,412	6,741	3,947	19,100	11.58	Jackson, Mich.	9,308	6,362	4,168	19,838	12.02
Bridgeport, Conn.	9,047	6,806	4,130	19,983	12.11	Jacksonville, Fla.	8,379	5,036	3,495	16,910	10.25
Buffalo, N. Y.	8,604	6,657	3,975	19,236	11.66	Kalamazoo, Mich.	8,591	6,472	3,824	18,987	11.51
Burlington, Vt.	9,632	5,235	3,873	18,740	11.36	Kansas City, Mo.	8,585	6,448	3,911	18,924	11.47
Canton, Ohio	8,681	6,359	3,918	18,958	11.49	Kenosha, Wis.	9,025	6,774	4,115	19,914	12.07
Charleston, W. Va.	9,329	6,194	4,044	19,567	11.86	Knoxville, Tenn.	7,829	4,968	3,334	16,131	9.78
Charlotte, N. C.	7,836	4,583	3,235	15,654	9.49	Lansing, Mich.	8,403	6,537	3,892	18,832	11.41
Chattanooga, Tenn.	7,953	5,732	3,565	17,250	10.45	Lawrence, Mass.	9,642	5,526	3,951	19,119	11.59
Cheyenne, Wyo.	8,882	5,576	3,766	18,224	11.04	Lexington, Ky.	8,336	5,750	3,669	17,755	10.76
Chicago, Ill.	8,316	7,137	4,026	19,479	11.81	Lincoln, Nebr.	8,879	5,820	3,829	18,528	11.23
Cincinnati, Ohio	8,106	6,467	3,796	18,369	11.13	Little Rock, Ark.	7,998	5,295	3,437	16,630	10.08
Cleveland, Ohio	8,896	7,392	4,243	20,531	12.44	Lorain, Ohio	9,039	7,136	4,213	20,388	12.36
Columbus, Ohio	8,706	6,355	3,923	18,984	11.51	Los Angeles, Calif.	7,888	6,954	3,866	18,708	11.34
Council Bluffs, Iowa	8,882	5,659	3,788	18,329	11.11	Louisville, Ky.	8,037	6,433	3,969	18,239	11.05
Dallas, Tex.	8,100	5,659	3,584	17,343	10.51	Madison, Wis.	8,977	6,356	3,994	19,327	11.71
Davenport, Iowa	9,562	6,293	4,130	19,985	12.11	Manchester, N. H.	8,828	6,090	3,886	18,804	11.40
Dayton, Ohio	8,719	6,326	3,919	18,964	11.49	Memphis, Tenn.	8,105	5,459	3,533	17,097	10.36
Decatur, Ill.	8,229	6,533	3,845	18,607	11.28	Miami, Fla.	8,171	5,692	3,611	17,474	10.59
Denver, Colo.	8,563	6,199	3,845	18,607	11.28	Milwaukee, Wis.	8,736	6,527	3,976	19,239	11.66
Des Moines, Iowa	7,934	6,235	3,691	17,860	10.82	Minneapolis, Minn.	9,025	6,321	3,997	19,343	11.72
Detroit, Mich.	8,694	6,904	4,063	19,661	11.92	Mobile, Ala.	7,708	5,715	3,496	16,919	10.25



Standard Six - Room Frame

CONTENT: 24,288 CUBIC FEET
1,650 SQUARE FEET

City	Sq. Ft. Cost			Sq. Ft. Cost		
	Material	Labor	Overhead	Material	Labor	Overhead
Moline, Ill.	\$9,913	\$6,131	\$4,179	\$20,223	\$12,226	\$15,360
Montgomery, Ala.	7,715	4,395	3,155	15,265	9,25	18,472
Muncie, Ind.	9,773	5,355	3,940	19,068	11,56	17,223
Nashville, Tenn.	8,407	5,261	3,561	17,229	10,44	17,223
New Orleans, La.	8,580	5,269	3,608	17,457	10,58	18,071
New York, N. Y.	8,186	7,997	4,216	20,399	12,36	17,818
Norfolk, Va.	8,004	5,084	3,409	16,497	10,00	20,725
N. E. Area, N. J.	8,721	7,633	4,260	20,614	12,49	15,909
Ogden, Utah	8,792	5,782	3,797	18,371	11,13	19,274
Oklahoma City, Okla.	8,710	5,813	3,783	18,306	11,09	18,377
Omaha, Nebr.	8,838	6,042	3,876	18,756	11,37	20,295
Orlando, Fla.	9,113	4,284	3,490	16,887	10,23	18,093
Pateron, N. J.	8,313	7,946	4,235	20,494	12,42	20,003
Peoria, Ill.	9,137	6,858	4,166	20,161	12,22	20,931
Philadelphia, Pa.	9,040	6,703	4,101	19,844	12,03	19,007
Phoenix, Ariz.	7,702	6,312	3,650	17,664	10,71	20,43
Pittsburgh, Pa.	9,262	7,118	4,266	20,446	12,51	18,630
Portland, Maine	9,410	6,047	4,027	19,484	11,81	17,439
Portland, Ore.	9,015	5,459	3,770	18,244	11,06	17,244
Portsmouth, Ohio	7,861	6,533	3,750	18,144	11,00	20,392
Providence, R. I.	7,886	5,968	3,609	17,463	10,58	18,270
Pueblo, Colo.	9,281	6,614	4,141	20,036	12,14	21,192
Reading, Pa.	8,802	5,971	3,849	18,622	11,29	18,260
Richmond, Va.	8,865	5,834	3,829	18,528	11,23	18,470
Ridgewood, N. J.	8,273	4,441	3,312	16,026	9,71	17,897
Roanoke, Va.	8,145	7,917	4,184	20,246	12,27	16,491
Rochester, N. Y.	9,123	4,279	3,491	16,893	10,24	15,106
Rockford, Ill.	9,851	6,574	4,279	19,895	12,06	19,164
Sacramento, Calif.	8,828	6,614	4,023	20,704	12,55	19,645
Saginaw, Mich.	8,760	6,792	4,052	19,465	11,80	
St. Louis, Mo.	8,382	6,629	3,993	19,004	11,52	
St. Paul, Minn.	8,939	6,260	3,959	19,158	11,61	16,063
Salt Lake City, Utah	8,572	5,896	3,769	18,237	11,05	16,651
San Antonio, Tex.	8,720	4,683	3,941	17,344	10,51	15,081
San Francisco, Calif.	7,975	6,925	3,881	18,781	11,38	16,346

CANADIAN CITIES

Hamilton, Ont.	8,679	4,064	3,320	16,063	9,74
Montreal, Que.	9,074	4,136	3,441	16,651	10,09
Toronto, Ont.	6,910	5,054	3,117	15,081	9,14
Vancouver, B. C.	7,824	5,087	3,435	16,346	9,91

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(cont. from page 287)

slightly from the previous month and approximately 27 percent over the same month last year.

Mortgage activity, based on the number of mortgages recorded each month per 10,000 families in metropolitan areas, follows roughly the pattern of real estate activity. Currently it is little changed from the previous month and is about 18 percent higher than for the same month last year.

Privately financed new nonfarm housing starts (seasonally adjusted annual rates) have decreased slightly from the previous month, about 3.6 percent, but are still about 28 percent greater than for the same month last year.

The table on the double-page spread brings you the results of our survey of construction costs in 140 cities. To make the figures comparable from city to city we have calculated the cost of constructing a standard six-room frame house in each of the 140 cities. The cost of this house ranges from a high of \$21,303 (\$12.91 per square foot) in Hoboken, New Jersey, to a low of \$14,099 (\$8.54 per square foot) in Asheville, North Carolina. From a perusal of the table it can be seen that the five cities in the United States with the highest construction costs and the five with the lowest construction costs are as follows:

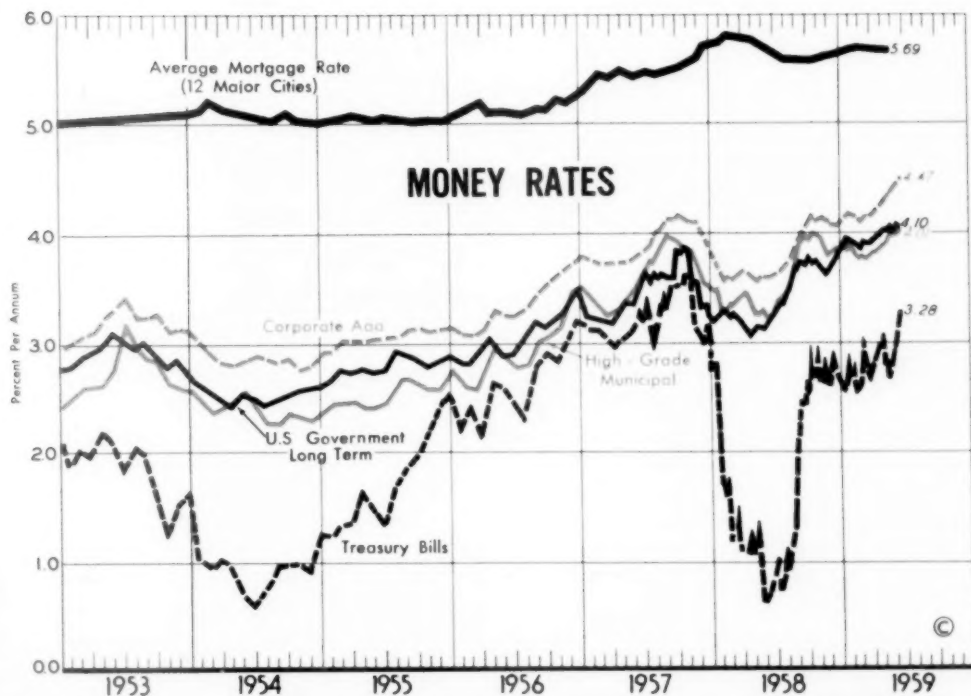
<u>Highest</u>		<u>Lowest</u>	
1. Hoboken, N. J.	\$21,303	1. Asheville, N. C.	\$14,099
2. Waterbury, Conn.	21,192	2. Durham, N. C.	14,392
3. Springfield, Ill.	20,725	3. Greenville, S. C.	14,952
4. Rockford, Ill.	20,704	4. Winston-Salem, N. C.	15,106
5. Northeastern Area, N. J.	20,614	5. Montgomery, Ala.	15,265

The costs have been broken down into three components -- material, labor, and overhead. As can be seen from a check of the table, most of the variance is in labor costs. Material costs among cities in the United States range from a high of \$9,913 in Moline, Illinois, to a low of \$7,385 in Asheville, North Carolina. Labor costs range from a high of \$8,016 in Hoboken, New Jersey, to a low of \$3,422 in Durham, North Carolina. The material costs are weighted heavily by the cost of framing, and this accounts for the lower material costs in the southeast part of the United States. In making comparisons between regions, the fact that the house we have used for the study includes a basement and central heating should be taken into account. It is true, however, that the cost of air-conditioning the house will offset the cost of central heating.

Below is a table of interest rates of recorded mortgages. The average rate for 12 major cities is 5.690 percent for May, which represents but a slight change. The mortgage interest rate continues to remain high because of the tightening of the money market. The increased scarcity of loanable funds in relation to the demand for them is reflected in the higher interest rates all along the line from the short-term Treasury bills to high-grade corporate bonds.

AVERAGE INTEREST RATE OF RECORDED MORTGAGES IN 12 MAJOR CITIES OF THE UNITED STATES

Jan. '54	5.187%	Jan. '56	5.105%	Jan. '58	5.775%
Apr. '54	5.173	Apr. '56	5.157	Apr. '58	5.813
July '54	5.089	July '56	5.141	July '58	5.664
Oct. '54	5.092	Oct. '56	5.229	Oct. '58	5.631
Jan. '55	5.045	Jan. '57	5.363	Jan. '59	5.717
Apr. '55	5.079	Apr. '57	5.507	Mar. '59	5.714
July '55	5.050	July '57	5.501	Apr. '59	5.706
Oct. '55	5.055	Oct. '57	5.602	May '59	5.690



The sharp rise in interest rates has not been reflected in the average mortgage interest rate for the 12 major cities. However, traditionally, the mortgage interest rate has lagged behind that of other debt instruments. For example, on the chart on page 293 the peak occurred in February 1958, while the peak interest rates for the other debt instruments occurred during the last quarter of 1957. The reason for this is that mortgage commitments are arranged in advance, and our series is made up of the recorded mortgage rates.

The more attractive investments have made it difficult to get money for the VA-guaranteed loans because of the ceiling of 4.75 percent on the interest rates on VA loans. This ceiling may be raised by the time this bulletin is received unless the President vetoes the recent legislation approved by Congress to increase the ceiling to 5.25 percent. It is because of the additional amount of \$100 million to be made available for direct VA loans that the President may veto this bill.

